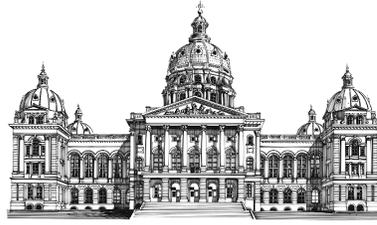


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# Iowa Legislative Fiscal Bureau

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State Capitol  
Des Moines, IA 50319  
October 25, 1993

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## Layers of Management - Update

### ISSUE

A report on the progress of the Department of Personnel (IDOP) in conjunction with Executive Branch agencies in reducing the layers of management and increasing the ratio of number of employees per supervisor as well as the IDOP's progress in evaluating the structure of the State's job classification system.

### AFFECTED AGENCIES

All Executive Branch departments and agencies including the Board of Regents but excluding elected officials.

### CODE AUTHORITY

Chapter 1220, Section 3, 1992 Iowa Acts

### BACKGROUND

Chapter 1220, Section 3, 1992 Iowa Acts, (HF 2454 – Administration Appropriations), requires the IDOP to work with the Department of Management (DOM) and Executive Branch agencies to reduce the aggregate layers of management at least 50.0% by July 1, 1994, and to increase the aggregate span of control up to 50.0% by July 1993. An interim report to the General Assembly was required by April 1, 1993, and a final report by April 1, 1994. The interim report was submitted April 1, 1993.

Agencies are to notify the Legislative Fiscal Committee before implementing any reductions in layers of management. The notification is to include:

- A description of the proposed reductions.
- A list of the positions and responsibilities to be reduced.
- A list of the activities to be eliminated or reduced.
- An estimate of the savings due to the reduction in layers.

The IDOP is required to:

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- Evaluate the State's job classification system and ensure that it includes technical skill-based career paths that do not require employees to become supervisors to advance.
- Eliminate obsolete, duplicative, or unnecessary job classifications.
- Report to the General Assembly by January 15, 1993, and January 15, 1994, on the progress towards simplifying the job classification system.

## CURRENT SITUATION

The IDOP gathered the information working with the Executive Branch departments and agencies. The IDOP has received no input from the Board of Regents. **Attachment A** includes definitions and formulas used by the Executive Branch departments in determining spans of control and layers of management.

According to the IDOP, as of June 17, 1993, the span of control ratio in the aggregate for Executive Agencies had increased from 1:7.4 to approximately 1:7.8 and will demonstrate a greater increase as progress is made in implementing changes to the classification system described below.

**TABLE 1**  
**CHANGE OF SPAN OF CONTROL IN THE ENTIRETY**

|                           | <u>July 1991</u> | <u>July 1992</u> | <u>July 1993</u> | <u>Diff.</u><br><u>1991-93</u> | <u>%</u><br><u>Change</u> |
|---------------------------|------------------|------------------|------------------|--------------------------------|---------------------------|
| Number of Employees       | 20,924           | 19,386           | 18,743           | -2,181                         | -10.4 %                   |
| Number of Supervisors     | 2,830            | 2,580            | 2,405            | -425                           | -15.0                     |
| Non-supervisory Employees | 18,094           | 16,806           | 16,338           | -1756                          | -9.7                      |
| Span of Control           | 1:7.4            | 1:7.5            | 1:7.8            | 0.4                            | 5.4                       |

This count includes the Offices of the Secretary of State, the Treasurer of State, Agriculture, Attorney General, Auditor of State, the Governor, and State-Federal Relations which are not included in the requirement of HF 2454, but does not include the Fair Authority or the Board of Regents. The State Fair Authority is included as an affected agency but does not process its payroll in the State's centralized payroll function.

A department-by-department comparison of span of control and layers of management from July 1991 to July 1993 is provided in **Attachment B**.

## COMPLIANCE WITH HF 2454

### Span of Control

Chapter 1220, Section 3, 1992 Iowa Acts, requires the "aggregate" span of control be increased up to 50% by July 1993. "Aggregate" may be defined two ways; as an "average" span of control, calculated by department; or "in the entirety" comparing the total supervisory employees with the total non-supervisory employees in the Executive Branch departments. The Executive Branch departments have complied with the requirement under either definition.

If aggregate is defined as an "average" span of control of the Executive Branch departments, span of control has increased from 1 supervisor to 7.27 employees in July 1991 to 1 supervisor to 8.24 employees in July 1993. This is an increase of 13.3% (**Attachment B**).

If aggregate is defined as "in the entirety," the total number of supervisors compared to the total number of non-supervisory employees in the affected departments, the span of control demonstrates a 5.4% increase from 1 supervisor to 7.4 non-supervisory employees in July 1991 to 1 supervisor to 7.8 non-supervisory employees in July 1993 (Table 1).

Looking at individual departments, 20 of the 28 (67.9%) departments demonstrated increases in their span of control. Of those not increasing their span of control, 3 remained constant and 5 experienced reduced spans of control.

### Layers of Management

In the aggregate, the Executive Branch departments have not yet complied with the requirement of decreasing the layers of management by at least 50.0%. These Departments have until July 1994, to meet the requirement. Of the 28 affected departments, 17 (60.7%) reduced their layers of management some. The remaining 11 departments' layers of management have stayed constant. Of the 11 departments, 2 have only 1 layer of management, and 3 have only 2 layers of management. As of July 1991, the average layers of management were 3.65 and were reduced to 3.11 as of July 1993. Weighting the average by number of total employees in the departments in the aggregate, the layers of management have decreased from 4.77 in July 1991 to 4.11 in July 1993.

Agencies are to notify the Legislative Fiscal Committee before implementing any reductions in layers of management. To date, 2 notifications have been received by the LFB from departments indicating a plan to reduce layers of management. The Legislative Fiscal Committee has received the report from the Department of Cultural Affairs and **Attachment C** is the report from the Department of Civil Rights. The LFB staff will be tracking the changes as the notifications are received (**Attachment D**).

### Job Classification System

The IDOP has reviewed the job classifications for obsolete, duplicative, or unnecessary job classifications. The Department had already begun this process prior to the passage of HF 2454. Of the 84 classifications reduced from July 1991 to July 1993, 23 were supervisory and 61 were non-supervisory.

**Table 2**  
**Job Classification Reductions**

| <u>Date</u> | <u>Number of<br/>Classifications</u> |
|-------------|--------------------------------------|
| July 1986   | 1,301                                |
| July 1991   | 1,026                                |
| July 1993   | 942                                  |

According to the IDOP, one reason more progress has not been made in reducing the number of classes is the subject of job classifications (title and pay) is a mandatory topic of bargaining. During the collective bargaining negotiations between the IDOP and the American Federation of State, County, and Municipal Employees (AFSCME) earlier this year, a proposal was rejected by AFSCME which would have eliminated another 95 job classifications. Other proposals have been made to AFSCME by the IDOP but have also been rejected. The Department has stated the potential exists to make further reductions in the State's job classification system, but this would require the approval of the AFSCME.

**Career Paths**

The process of creating job classifications is quite lengthy. The IDOP works with the department to determine the skills required for the duties and functions of the positions to be included in the classification. The IDOP also coordinates with the effected union(s) and the DOM for approval of the new classifications. As of November 5, 1993, five generic classifications have been added, which will create technical skill-based career paths that do not require employees to become supervisors to advance.

**BUDGET IMPACT**

No savings estimate has been prepared regarding this program.

STAFF CONTACT: Tamara Fujinaka (Ext.14613)

# Definitions and Formulas Used by the Department of Personnel

## *In Calculating Layers of Management and Span of Control*

The information included in this review was collected by the IDOP and is based on data submitted by the departments to the IDOP. Definitions given to agencies by the IDOP are to be used when analyzing departments' organizational structure.

- Supervisor - An employee who has the authority to direct the work of permanent full-time and permanent part-time employees. Duties include the authority to do, or to effectively recommend, the following:
  - ♦ Hire and reassign.
  - ♦ Discipline (discharge, suspension, and salary reduction).
  - ♦ Reward (grant salary increases, promotions, and leave).
  - ♦ Assign/reassign duties, call back employees, and approve overtime.
  - ♦ Resolve/settle grievances.
  - ♦ Evaluate performance and take appropriate action.
  
- Layers of Management - A single or group of supervisory employees on the same horizontal plane in a vertical organization. Layers of management were calculated using the following method:
  - ♦ Consider the individual divisions of the department.
  - ♦ Count the number of layers in the longest vertical chain in each division.
  - ♦ Do not count the last layer (non-supervisory).
  - ♦ Include the department director as the first layer in each division count.
  - ♦ Sum the division counts.
  - ♦ Divide that sum by the number of divisions in the department.
  - ♦ The result is the average number of layers of management for the department.
  
- Span of Control - The number of employees reporting directly to a position having supervisory authority as defined above. Span of control was calculated by using the following formula:

$$\frac{N + (S - 1)}{S}$$

N = number of non-supervisory employees (full-time and part-time).

S = number of supervisory employees.

**Comparison of Executive Branch Department Organizations  
July 1991 to July 1993**

| Department                  | Span<br>of<br>Control | Span<br>of<br>Control | % Change     | Layers of<br>Management | Layers of<br>Management | % Change     | Footnotes |
|-----------------------------|-----------------------|-----------------------|--------------|-------------------------|-------------------------|--------------|-----------|
|                             | 7/1/91                | 7/1/93                |              | 7/1/91                  | 7/1/93                  |              |           |
| Department for the Blind    | 7.3                   | 8.6                   | 17.8%        | 3.0                     | 2.6                     | 13.3%        |           |
| Campaign Finance            | 5.8                   | 7.0                   | 20.7%        | 1.0                     | 1.0                     | 0.0%         |           |
| Civil Rights                | 6.1                   | 7.7                   | 26.2%        | 3.0                     | 2.0                     | 33.3%        |           |
| College Aid                 | 8.8                   | 10.0                  | 13.6%        | 3.0                     | 2.0                     | 33.3%        |           |
| Commerce                    | 6.0                   | 5.0                   | -16.7%       | 4.0                     | 3.0                     | 25.0%        |           |
| Corrections                 | 7.0                   | 11.0                  | 57.1%        | 6.0                     | 5.0                     | 16.7%        |           |
| Cultural Affairs            | 7.7                   | 7.4                   | -3.9%        | 3.0                     | 2.0                     | 33.3%        |           |
| Economic Development        | 3.5                   | 4.5                   | 28.6%        | 5.0                     | 4.0                     | 20.0%        |           |
| Education                   | 7.1                   | 7.0                   | -1.4%        | 4.0                     | 4.0                     | 0.0%         |           |
| Elder Affairs               | 5.8                   | 7.0                   | 20.7%        | 3.0                     | 2.0                     | 33.3%        |           |
| Employment Services         | 7.0                   | 8.0                   | 14.3%        | 5.1                     | 3.6                     | 29.4%        |           |
| Fair Authority              | 12.9                  | 15.0                  | 16.3%        | 4.0                     | 3.0                     | 25.0%        | 1         |
| General Services            | 6.7                   | 6.3                   | -6.0%        | 3.9                     | 3.9                     | 0.0%         |           |
| Human Rights                | 6.1                   | 6.1                   | 0.0%         | 2.0                     | 2.0                     | 0.0%         |           |
| Human Services              | 8.4                   | 9.1                   | 8.3%         | 4.5                     | 3.8                     | 15.6%        | 2         |
| Inspections & Appeals       | 7.2                   | 8.2                   | 13.9%        | 4.0                     | 4.0                     | 0.0%         |           |
| Law Enforcement Academy     | 7.7                   | 7.7                   | 0.0%         | 2.0                     | 2.0                     | 0.0%         |           |
| Management                  | 3.2                   | 3.7                   | 15.6%        | 2.0                     | 2.0                     | 0.0%         |           |
| Natural Resources           | 6.3                   | 7.7                   | 22.2%        | 4.5                     | 4.3                     | 4.4%         | 1         |
| Parole                      | 4.3                   | 4.0                   | -7.0%        | 3.0                     | 3.0                     | 0.0%         |           |
| Personnel                   | 6.8                   | 7.0                   | 2.9%         | 3.0                     | 2.6                     | 13.3%        |           |
| Public Defense              | 11.7                  | 12.2                  | 4.3%         | 3.0                     | 3.0                     | 0.0%         |           |
| Public Employment Relations | 12.0                  | 12.0                  | 0.0%         | 1.0                     | 1.0                     | 0.0%         |           |
| Public Health               | 6.7                   | 7.7                   | 14.9%        | 4.0                     | 4.0                     | 0.0%         |           |
| Public Safety               | 5.8                   | 6.4                   | 10.3%        | 4.6                     | 4.3                     | 6.5%         |           |
| Revenue & Finance           | 8.5                   | 9.0                   | 5.9%         | 4.4                     | 4.3                     | 2.3%         |           |
| Transportation              | 7.6                   | 8.5                   | 11.8%        | 5.1                     | 4.7                     | 7.8%         | 1         |
| Veterans Affairs            | 9.0                   | 16.9                  | 87.8%        | 7.0                     | 4.0                     | 42.9%        | 3         |
| <b>Averages</b>             | <b>7.3</b>            | <b>8.2</b>            | <b>13.3%</b> | <b>3.65</b>             | <b>3.11</b>             | <b>14.8%</b> |           |

1. These departments routinely have high seasonal fluctuations in the number of non-supervisory employees. To give a clearer picture of the span of control, these departments calculated an AVERAGE non-supervisory number over the 26 pay periods in FY 1991 and FY 1993 to use in the span of control formula.

2. Human Services submitted the following explanation for deviations from the IDOP instructions for calculating spans and layers: "Our only deviations from the instructions on the chart was that we used (nonsupervisors + supervisors - 5) divided by the number of supervisors in computing the span of control for Field Operations since we have five Regional Administrators reporting to our Deputy Director for Services for 7/1/93 and we used (supervisors -8) for 1991 when we had 8 District Administrators reporting to our Deputy Director for Services. Levels of supervision in Field Operations are 3 levels except in large metropolitan counties which have 2 levels of supervision under the Human Services Area Administrator and Polk County which has 3 levels of supervision under the Human Services Area Administrator. The layers of management figures are the sum of the 13 component parts. The Superintendents, Regional Administrators, Child Support and Refugee Program Directors are the first layer counted for our field units, while our Department Director is the first layer counted for general administration."

3. FY 1991 was calculated based on Iowa Veterans' Home as a part of Human Services.



TERRY E. BRANSTAD, GOVERNOR

DEPARTMENT OF PERSONNEL  
LINDA G. HANSON, DIRECTOR

September 22, 1993

**MEMORANDUM**

**TO:** Legislative Fiscal Committee

**FR:** *LGH* Linda Hanson, Director  
Iowa Department of Personnel

**RE:** Reduction in Layers of Management in the  
Civil Rights Commission

In accordance with the requirements of HF 2454, Ch. 1220, 1992 Acts, I am notifying you of a reduction of layers of management within the Civil Rights Commission.

**Description of the Reduction**

The Civil Rights Commission will reduce its layers of management by one layer through the elimination of Division Directors. Organization charts for July 1, 1991 and the new structure are attached.

**Positions Eliminated/Reduced**

Compliance Division Director - The incumbent has retired and this position will not be refilled. The duties previously assigned to this position will be reassigned to other management staff.

Administration Division Director - The position will be reclassified to a non-supervisory class. The incumbent will retain all duties except supervision which will be assumed by the Executive Director.

**Activities Eliminated or Reduced**

This elimination of supervisory positions does not result in the elimination of any significant programs or services.

**Savings from Reduction of Layers**

The per year savings can not be accurately estimated at this time because the final classifications for the remaining supervisors and the director of administration have not been determined.

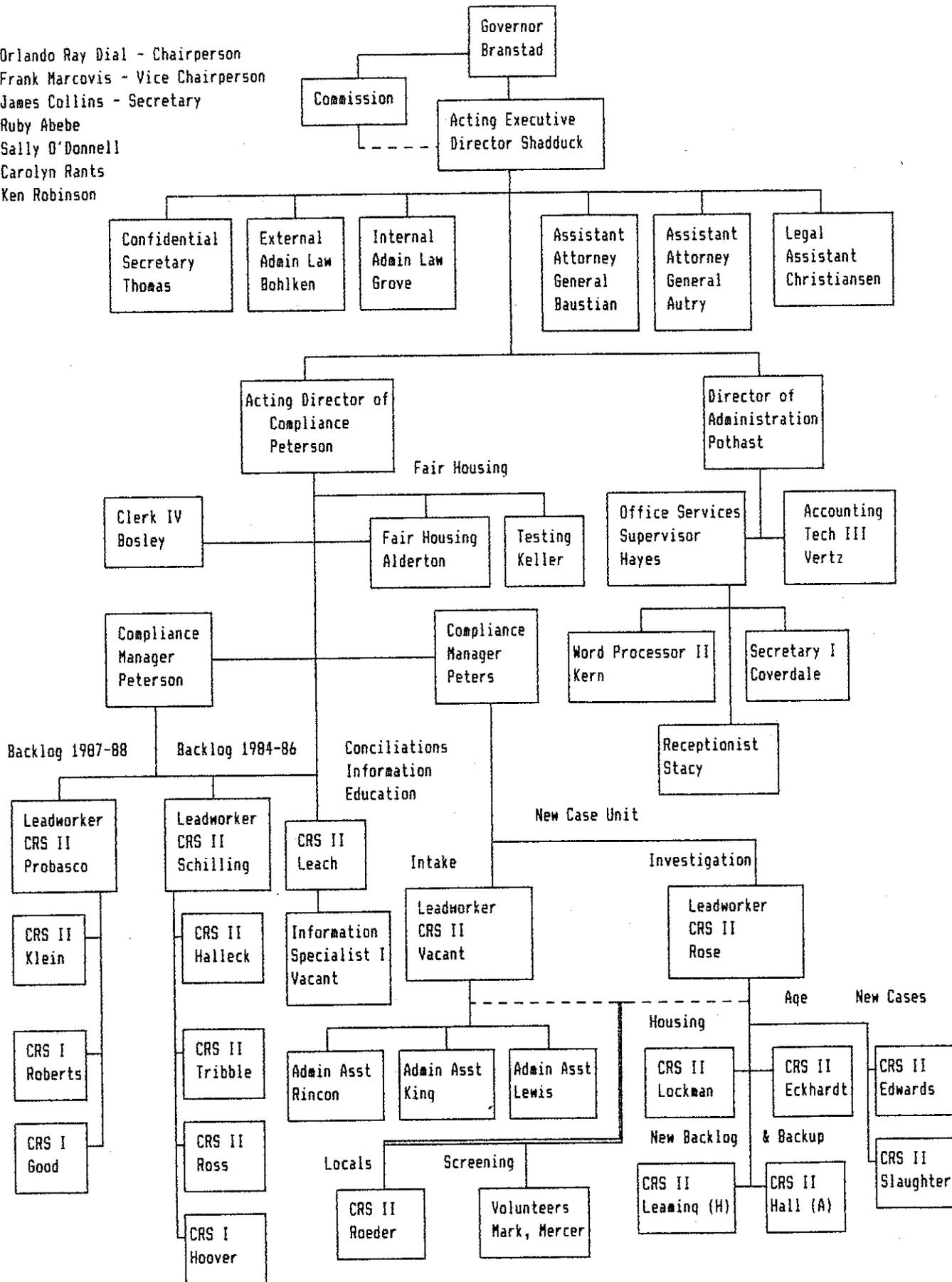
**Implementation Date**

Implementation will begin September 24, 1993

c: Dave Roederer  
Gretchen Tegeler  
Attachments

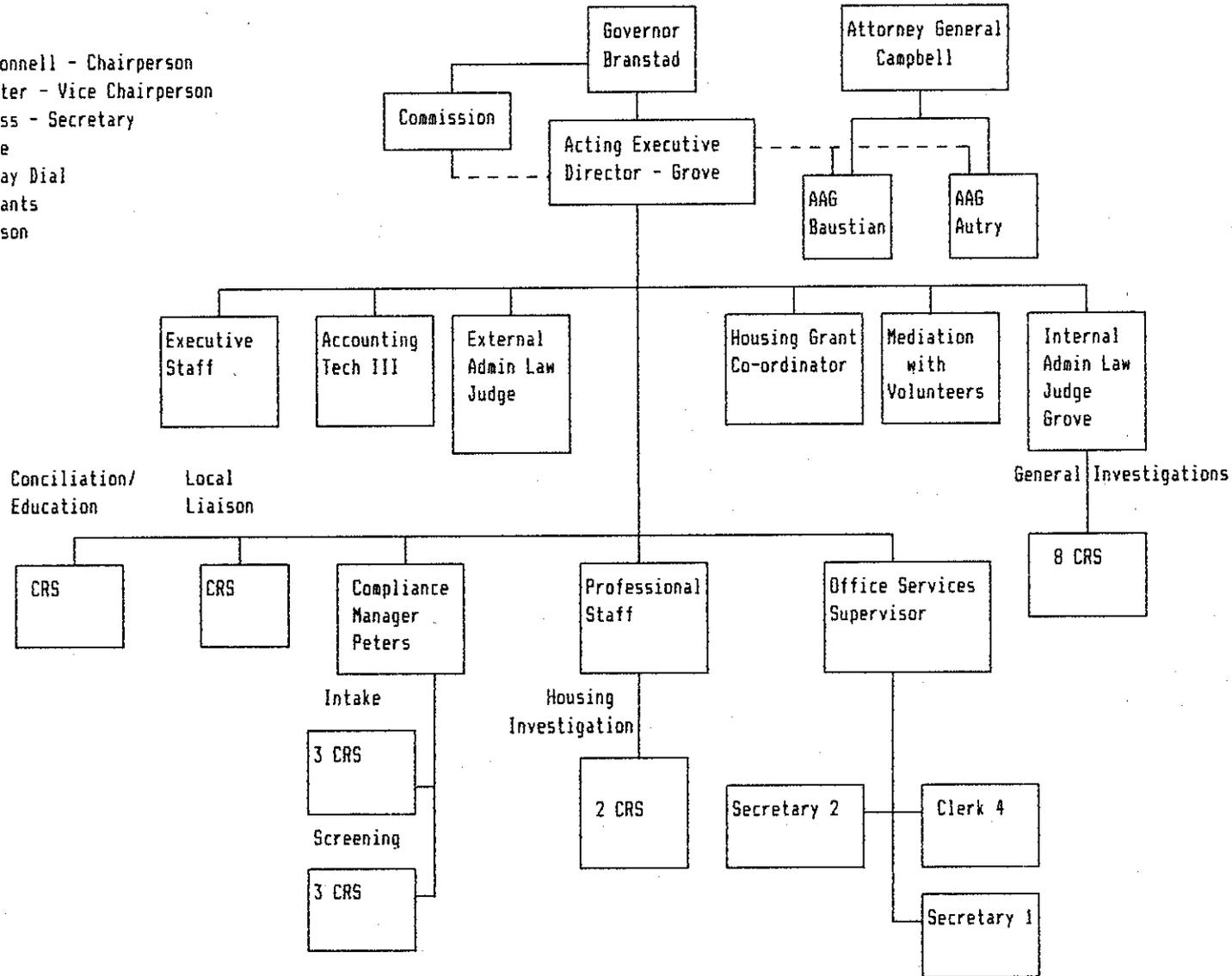
IOWA CIVIL RIGHTS COMMISSION

Orlando Ray Dial - Chairperson  
 Frank Marcovis - Vice Chairperson  
 James Collins - Secretary  
 Ruby Abebe  
 Sally O'Donnell  
 Carolyn Rants  
 Ken Robinson



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 Jeff Courter - Vice Chairperson  
 Dale Repass - Secretary  
 Ruby Abebe  
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 Ken Robinson



Proposed

**Reduction of Layers of Management  
In Compliance with House File 2454  
1992 Iowa Acts**

| Date Sent | Department                           | # of Layers<br>Prior to<br>Change | # of Layers<br>After<br>Change | # of Prior<br>Supervisory<br>Positions | # of Current<br>Supervisory<br>Positions | Change in #<br>of<br>Supervisory<br>Positions | How Change Was Accomplished |  |  |   | Savings<br>realized in<br>State Funds | Savings<br>realized<br>from other<br>funding<br>sources   | Comments |
|-----------|--------------------------------------|-----------------------------------|--------------------------------|--|--|---|-----------------------------|--|--|---|---------------------------------------|---|----------|
|           |                                      |                                   |                                |  |  |   | Position<br>Deleted         | Supervisory<br>duties<br>moved to<br>an existing<br>supervisor | Position is<br>downgraded<br>and<br>supervisory<br>duties<br>moved | Other   |                                       |   |          |
| 9/22/93   | Department<br>of Civil<br>Rights     | 3.0                               | 2.0                            | 7.0                                    | 3.0                                      | 2   | 1                           | 1  |  | Can not be<br>calculated<br>at this time<br>- because<br>final<br>classifica-<br>tions have<br>not been<br>determined.<br>\$4,000 |                                       | This elimination of<br>supervisory positions does<br>not result in the elimination of<br>any significant programs or<br>services. |          |
| 9/14/93   | Department<br>of Cultural<br>Affairs | 4.0                               | 3.0                            | 9.0                                    | 4.0                                      | 5   | 1                           | 2  | 2  |   | \$30,000                              | No elimination or reduction of<br>any significant programs.   |          |